Platform ("UNE-P") to provide local service and describes specific concerns related to BellSouth's performance of hot cuts.

Third, I describe the challenges that must be addressed in implementing any batch loop migration process. I address the volume of hot cuts that will be required and the evaluation standards by which any batch migration process should be considered. My testimony discusses the number of UNE-L hot cuts that should be expected if unbundled local switching is no longer available and the segments of the market that pose unique challenges for development of a bulk migration process. My testimony also addresses new operational constraints that will arise if customer conversions require migration of a loop because unbundled local switching is no longer available to Competitive Local Exchange Carriers ("CLPs").

Fourth, my testimony includes, at pages 59-63, recommendations for a batch hot cut process. Because CLPs have restricted insight into the operations of the ILEC, these detailed recommendations address the parameters of a reasonable batch migration process. Development of a batch hot cut process rests primarily with the ILECs, in cooperation with the CLPs. Further, while my testimony points out the advantages of its recommended process, it also illustrates why no manually based process is capable of ensuring the seamless, low cost migration of loops that is required by the TRO and is equivalent to the ease and efficiency with which customers are migrated today when changing long distance carriers and when CLPs use UNE-P.

This dependance on manual work renders the process prohibitively expensive, highly error prone, and not scalable to handle reasonable commercial volumes. As such, CLPs will remain impaired by any manual hot cut or loop migration process. Even the

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best manual processes that could be operationalized today, including batch migration processes, cannot satisfy the requirements needed to eliminate the CLPs' operational impairment in attempting to compete for mass-market customers. Accordingly, this Commission should develop and approve a comprehensive process but should test and implement that process carefully to evaluate the extent to which CLPs remain impaired. At the same time, this Commission should encourage development of a process that automates the transfer of end-user loops. Any migration process that does not automate the transfer of end-user loops, eliminating the need for manual "hot cuts," cannot sustain competitively unconstrained migrations of customers among all carriers, both CLPs and ILECs alike. In order to establish and sustain competitively unconstrained migrations of customers among all carriers, an electronic process for loop provisioning must be made available which is as easy, efficient, and reliable as the UNE-P provisioning process for local customers and the PIC change methodology in place for long distance.

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Executive Summary
Direct Testimony of Don J. Wood

My testimony describes the framework for the type of economic impairment analysis discussed by the FCC in the Triennial Review Order ("TRO"). Specifically, I address the FCC's guidelines for an analysis of "economic impairment" suffered by Competitive Local Providers or CLPs for local circuit switching when providing competitive service to mass market customers.

Section I of my testimony covers my educational background and professional experience.

Section II, discusses the Commission's role as set forth by the FCC in the TRO in reviewing or conducting any analysis of "economic impairment".

Section III describes the guidelines prescribed by the FCC for an analysis of economic impairment and the factors which must be considered.

AT&T COMMUNICATIONS OF THE SOUTHERN STATES LLC'S
MATRIX SUMMARY OF REBUTTAL TESTIMONY
DOCKET NO. P-100, SUB 133q

February 16, 2004

WITNESS	SUBJECT MATTER OF REBUTTAL TESTIMONY	TRO DECISIONAL CRITERIA
Mark Argenbright	Analysis of DSO Cross-Over	47 C.F. R. §51.319(d)(2)(iii)(B)(4)
Jay M. Bradbury	Local Circuit Switching	47 C.F. R. §51.319(d)(2)(iii)(A)
Cheryl Bursh	Hot Cut Processes	47 C.F. R. §51.319(d)(2)(ii)
John Klick	Potential Deployment Analysis	47 C.F. R. §51.319(d)(2)(iii)(B)((3)
Mark Van de Water	Hot Cut Processes	47 C.F. R. §51.319(d)(2)(ii)
Don J. Wood	Economic Barriers to CLEC Entry	47 C.F. R. §51.319(d)(2)(iii)(B)

SUMMARY OF THE REBUTTAL TESTIMONY OF MARK E. ARGENBRIGHT ON BEHALF OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES,LLC

The FCC, in its Triennial Review Order, directs States to determine a crossover point for use in delineating between mass market customers and enterprise customers. This crossover point is the point at which it becomes more economical to serve a customer using multiple analog loops with a DS1.

BellSouth has proposed a crossover point of three or fewer DS0 lines. This is inconsistent with the direction given by the FCC because it fails to consider the point at which it becomes more economical to utilize a DS1 rather than multiple DS0s.

CompSouth has proposed a general formula with which an appropriate economic crossover point can be calculated. AT&T, as a member of CompSouth, supports the straightforward analysis proposed by the CompSouth witness. This rebuttal testimony proposes a crossover point of nine DS0 lines. This crossover point is calculated in a manner consistent with the formula advanced by CompSouth and is supported by a model developed by Sprint for use in the Florida proceeding on this same matter. By populating the Sprint model with North Carolina specific inputs, the resulting calculation indicates that a crossover point of nine is appropriate for use in North Carolina.

SUMMARY OF THE REBUTTAL TESTIMONY OF JAY M. BRADBURY ON BEHALF OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES,LLC

Docket No.: P-100, Sub 133q

FEBRUARY 16, 2004

AT&T's use of its local switches and network in North Carolina does not meet the requirements of the TRO for AT&T to be identified as a trigger in any BellSouth defined market. AT&T does not provide any mass market residential service. AT&T's universe of business customers served is 85% enterprise. The small number of very small business customers being served is an artifact of a prior failed business plan that will not be revived and that is not being used to provide service to new very small business customers. AT&T is not actively provisioning UNE-L service to very small business customers.

BellSouth has misrepresented the CLPs' actual deployment of local switches and networks in its direct testimony and failed to provide the Commission with the data to support BellSouth's claims.

BellSouth has compounded its failure to provide the data to support its claims by improperly asserting that the location of customers being served by both UNE-P and UNE-L, but particularly UNE-L, is irrelevant. Knowing where competition exists today using UNE-P, but would not exist in the future if UNE-P were made unavailable, is critical to the Commission's requirement to foster the on-going development and preservation of competition for local service.

BellSouth has overstated assumptions about the CLPs' ability to provide DSL services in a manner that may lead to the erroneous determination that entry in a given market is economically possible.

The impairment caused by the existing legacy network technology cannot be cured by improvements to the hot cut process, be they "batch", "bulk", or "rolling" processes. AT&T's Electronic Loop Provisioning proposal is capable of curing these deficiencies, but curing the continuing impairment that AT&T believes the Commission will find exists is not an issue in this proceeding. The Commission should open a separate docket to address how to eliminate the impairment it will find in this docket.

AT&T
Rebuttal Cheryl Bursch

TESTIMONY SUMMARY

My testimony responds to the Direct Testimony filed by BellSouth witness Alphonso J. Varner, and specifically demonstrates that:

* BellSouth's North Carolina performance data does not settle whether its existing processes can handle anticipated loop migration demand if UNE-P is eliminated.

* BellSouth's assessment of its loop performance data for North Carolina does not dispute that Competitive Local Providers ("CLPs") face operational barriers to market entry absent unbundled local switching (Unbundled Network Element Platform or "UNE-P").

* BellSouth's proposed changes to its Performance Assurance Plan fail to properly sanction poor performance in the batch hot cut process; even with them, key performance areas are excluded.

The current performance data reflects the fact that hot cuts and loop provisioning are at low levels. Because the different volume levels create two very different environments, how BellSouth handles hot cuts and loop provisioning in a low volume environment does not carry over to an environment with dramatic increases in volume. The FCC accurately pointed out that this data was irrelevant: "the issue is not how well the process works currently with limited hot cut volumes..." TRO at ¶ 469.

Data should also be evaluated with the appropriate standard. There is a greater likelihood of promoting competition if, in an environment without UNE-P, the performance experienced by the CLEC customer mirrors that of today's performance. Therefore, today's UNE Loop performance, specifically 2W Analog Loop with LNP, should be evaluated against today's UNE –P performance. The FCC supports this type of comparison in referencing that "[t]his review is necessary to ensure that customer loops can be transferred from the incumbent LEC main distribution frame to a competitive LEC collocation as promptly and efficiently as incumbent LECs can transfer customers using unbundled local circuit switching." TRO at fn. 1574.

In closing, it is essential that the proper review be performed in assessing performance data in order for the assessment to have any relevance in determining whether CLPs are impaired in an environment absent of UNE-P.

SUMMARY OF THE

REBUTTAL TESTIMONY OF JOHN C. KLICK

ON BEHALF OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, LLC

DOCKET NO. P-100, SUB 133Q

FEBRUARY 24, 2004

John C. Klick is Senior Managing Director of FTI Consulting, Inc.'s Network Industries Strategies group, with offices at 1201 I Street, N.W., Washington D.C. 20005. His Rebuttal Testimony responds to the Direct Testimony filed by James W. Stegeman and Debra J. Aron, on behalf of BellSouth Telecommunications, Inc. ("BellSouth") on January 9, 2004.

Section II of Mr. Klick's Rebuttal Testimony demonstrates that understanding and subjecting to critical scrutiny the BACE model calculations is a key task that the Commission, its Staff and the parties other than BellSouth must perform in this proceeding. By consciously designing the BACE model to keep key portions of its functionality from being reviewed, BellSouth has – at a minimum – made this task extremely difficult, if not impossible (particularly given the fast track procedural schedule set forth by the FCC and the state regulatory commissions). Without full access to the intermediate and final output tables created by the BACE model, the Commission and its Staff are prevented from comparing certain inputs and calculations with those made by other parties, making it impossible to effectively evaluate alternative evidence. BellSouth's failure to make available the intermediate and output tables created in BACE – and used in subsequent stages of the BACE calculations – is particularly inexcusable given AT&T's understanding (based on information received in Florida) that BACE employs a central database file that contains many of the intermediate and final results tables.

See Public Version of Rebuttal Testimony of Kent W. Dickerson before the Florida Public Service Commission, Docket No. 030851-TP, at page 7-8.

In short, by failing to produce the BACE computer code in a format that would permit the parties to make changes to that code, re-couple the BACE model and re-run it, such that it can be subjected to rigorous review by AT&T, this Commission or its Staff, BellSouth has failed to meet its burden of demonstrating that CLPs are not impaired in any market in North Carolina.[1]

Section III of Mr. Klick's Rebuttal testimony describes the results of the limited evaluation of certain aspects of the BACE model that he has been able to undertake to date, and notes that his work in this area continues. His evaluation of BACE has focused on three areas. First, he is critical of many of the inputs used in the model, most of which were provided by Dr. Aron. Second, he is critical of the way in which BACE performs its calculations of collocation costs. Third, he identifies other areas of the model that appear to have problems, although lack of access to the code and underlying tables has impeded the completion of his analyses in these areas. He notes that his review of BACE is ongoing, and that completion of this analysis is contingent upon fully accessing the model and code.

In the input area, he is critical of three types of inputs, *i.e.*, (1) the ultimate level of CLP penetration assumed by BellSouth in this proceeding, (2) the rapidity with which the BACE model assumes that this ultimate penetration will be achieved, and (3) the trends in retail prices assumed by BellSouth in this proceeding.

[1] Apparently Sprint requested an uncompiled version of the BACE source code in electronic format in the Florida proceeding. If the code is produced as Sprint requested, Mr. Klick intends to use it as permitted.

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With respect to line count-based penetration, Mr. Klick concludes that in individual markets in North Carolina, an ultimate penetration rate for an efficient CLP that averages 4 to 5 percent, over the next 10 years, is more likely than the 15 percent assumed by Dr. Aron. Mr. Klick notes that assumptions in this area are critical to the business case analysis, because they affect the overall customer demand that a CLP will serve in each wire center and the revenues for the services and products that each of these customers will obtain from the CLP. Mr. Klick's Rebuttal testimony demonstrates that reducing the market share assumption dramatically reduces the NPV results inherent in BellSouth's BACE model. Specifically, a reduction in the ultimate market share from 15% to 5% reduces the net present value of the new entrant's mass market business case by approximately eighty-eight percent for North Carolina.

With respect to price trends, Mr. Klick concludes that BACE's assumption that retail prices will not decline over the 10 year study period is untenable. Any CLP considering the "investment decision" outlined by Dr. Aron in her Direct Testimony, *i.e.*, the decision to enter the local services market in North Carolina, could not responsibly evaluate that decision without assuming that retail prices will decline over time. Mr. Klick argues that Dr. Aron's reliance upon the language of the TRO to defend this assumption is neither accurate nor logical. The TRO clearly contemplates – in the context of its discussion of the business case analysis – that prices might decline over time in response to competition, and that it would be appropriate to take these anticipated price declines into account. Mr. Klick demonstrates that ignoring such price declines is inconsistent with the analysis of entry barriers that the FCC, and BellSouth itself, argue is properly includable in the context of the business case analysis. His Rebuttal Testimony demonstrates that if one assumes a reasonable level of retail price decline over time,

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say one percent per year, this reduces the mass market NPV calculated by the BACE model by twenty nine percent in North Carolina.

Finally, Mr. Klick's Rebuttal Testimony identifies several other areas of the model that appear problematic, although lack of access to the code and underlying tables has impeded the completion of those analyses. These include (1) the filters used to implement the filtering out of geographic areas that are not profitable; (2) the way the model recalculates and reallocates to the remaining customers costs that are fixed and attributable to the entire study market (for example, many of the costs associated with the single switch placed in the LATA) when groups of customers, wirecenters or geographic areas are excluded from the business case analysis; (3) the purchasing power and other operating cost assumptions (which implicitly assume that the level of CLP entry will be adequate to achieve the cost reducing effects of scale economies); (4) BACE's assumption that the CLP will be offering DSL services in markets where it establishes collocation, even though many of today's CLP UNE-P customers do not obtain DSL services from the CLP that provides local service using UNE-P; and (5) the assumption that the CLP business, including its assets, will be sold at the end of year 10 for a value equal to the net book value of the remaining assets (terminal value).

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Executive Summary
AT&T
Rebuttal Testimony of Mark Van de Water

My testimony refutes the claims of BellSouth's witnesses that their proposed batch process is capable of providing high quality, seamless migrations in sufficient volumes, and thus demonstrates that they do not remove the impairment that manual hot cuts create for Competitive Local Providers ("CLPs").

In its purported effort to comply with the Triennial Review Order ("TRO"), BellSouth offers the same manual provisioning process from the 271 case, along with a batch ordering process, both of which were created before, and make no effort to comply with, the TRO mandates that govern this case. BellSouth unabashedly ignores the findings of the Federal Communications Commission ("FCC") that rejected Incumbent Local Exchange Company ("ILEC") arguments regarding the relevance of 271 decisions and current performance measurement results to the TRO hot cut requirements. Moreover, it makes no effort to comply with the FCC's directive that the state commissions establish a batch hot cut process. Instead, despite a national finding of impairment, BellSouth maintains that nothing needs to be done to its existing individual hot cut process. While it dresses up that process by adding the "batch" tag to it, even BellSouth admits that its hot cut process is the same as it was before the FCC issued the TRO.

BellSouth also ignores the FCC's purpose for establishing a batch hot cut process, to reduce the economic and operational barriers posed by the present hot cut process. Instead, it offers the inadequate batch ordering/individual hot cut provisioning process to

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be used to migrate the embedded base of Unbundled Network Element Platform ("UNE-P") in the event of a finding of no impairment. And, while BellSouth promises it will achieve the anticipated increase in volumes, I have numerous concerns about un-addressed issues I describe in more detail later in my testimony. BellSouth's feeble proposal exacerbates the "haves" and "have nots" environment that removal of unbundled switching would create: CLPs will be handicapped by a manual, high-cost process for their customers while BellSouth enjoys an electronic, low-cost process for most of its customers.

BellSouth also ignores that its performance for hot cut migrations is inferior to UNE-P migrations for ordering and provisioning, forcing CLPs and their customers to inferior and inefficient service if unbundled local switching is no longer available as an option. Finally, BellSouth ignores the basic reality that its "batch" ordering process excludes customers who obtain Digital Subscriber Line ("DSL") services via a line-splitting arrangement and those who would like to move from one CLP to another.

In short, BellSouth's batch process falls short in a number of key aspects of the TRO's mandates regarding the hot cut process.

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Executive Summary
Rebuttal Testimony of Don J. Wood

The purpose of my rebuttal testimony is to respond to the direct testimony of BellSouth witnesses Debra Aron, Randall Billingsley, Pamela Tipton, John Ruscilli and James Stegeman.

The testimony of these witnesses supports BellSouth's analysis of the *potential* for competitive entry by CLECs to provide services to mass market customers in certain BellSouth-defined geographic markets, and to do so by self-provisioning the necessary local switching facilities. I am responding specifically to the claim by Dr. Aron that, based on the results of the BellSouth analysis, the Commission should conclude that CLECs are not impaired without access to the local circuit switching UNE. Dr. Aron makes the claim that this analysis supports a conclusion that CLECs are not impaired in 5 of the BellSouth-defined markets. The FCC has made it clear that an analysis of potential deployment must consider both operational and economic barriers. AT&T witness Mark Van de Water addresses operational impairment issues in his testimony. My testimony focuses on economic barriers to market entry, and addresses the BellSouth model used to conduct its analysis and the inputs and assumptions that BellSouth chose to use with that model.

A closer review of the BellSouth "economic impairment" analysis reveals that limitations in the computer model used (the BellSouth Analysis of Competitive Entry,

or "BACE" model sponsored by Mr. Stegeman) and conflicting and nonsensical inputs to that model (sponsored by Drs. Aron and Billingsley) have created a highly distorted version of reality that offers no basis whatsoever for a conclusion that CLECs' efforts to provide services to mass market customers are not impaired without access to UNE switching.

The structural limitations of the model cannot be corrected, and BellSouth has refused a request to make the source code available in a usable format that may have permitted a correction to some of these problems. Because of the model limitations, it is impossible in many cases to populate the model with meaningful input values. Making all of the corrections required to bring the BACE in line with reality is ultimately unnecessary, however: my analysis of the BellSouth inputs shows that even minor changes to certain key inputs causes the reported Net Present Value of CLEC entry using self-provisioned local switching to be negative. In other words, with even modest input corrections the BACE confirms the actual facts "on the ground": economic barriers exist to CLEC entry via self-provisioned local switching that make such an investment uneconomic. Prudent, rational CLEC management will not seek to make these investments, and prudent, rational investors will not make the capital available to do so.

Before considering the results of any analysis of "potential deployment," it is important to put this question into the proper context. In the TRO, the FCC made the unambiguous conclusion that, on a national level, carriers are impaired without access

to unbundled local circuit switching when service mass market customers. Despite this determination, the FCC created an opportunity for ILECs to demonstrate, if they can, that no impairment exists in specific, geographic markets. It is important to note that any consideration of "potential entry" is made only after the Commission concludes that "actual entry" has not occurred, even though CLECs have been, and continue to be, motivated to utilize their own network facilities wherever feasible. Any assertion by BellSouth that competition for mass market customers using self-provisioned local switching can *potentially* exist, even though it does not *actually* exist, should be carefully examined before being relied upon.

BellSouth conducts its analysis of "economic" impairment using its new BACE model. This analysis is fundamentally flawed for several reasons. First, the model "locks in" several important assumptions. Important price assumptions are preprocessed and cannot be changed, or even directly examined, by the user. Equally importantly, the model is designed to permit an analysis to be performed *only* over a ten-year time horizon. The user has no ability to consider a shorter investment horizon that a rational investor would consider before making an investment in a large, fixed asset such as a local circuit switch.

BellSouth's inputs to the BACE are likewise flawed, and overstate the likely revenues that a CLEC would receive in two ways. BellSouth has failed to properly consider how its retail prices for services to mass market customers vary across its service territory, causing its initial price assumptions to be flawed and rendering its

attempt to segment customers based on spending levels meaningless. More importantly, BellSouth has failed to consider how prices will change over the time horizon of its analysis. In addition to inflated prices, BellSouth assumes a total market that is too large CLEC markets shares that far exceed those experienced to date, and a rate of customer acquisition for CLECs that exceeds anything previously experienced in the industry. Finally, BellSouth assumes a scope of CLEC service offerings that may not represent the services that the CLEC seeks to offer, and even if offered, does not represent the opportunity for cost recovery assumed by BellSouth.

BellSouth also understates the costs that a CLEC would incur. BellSouth's analysis includes revenues from a broad array of services but includes the sales costs associated with only a subset of those services. The G&A costs assumed by BellSouth are based in part on companies with a much greater customer density in the markets being studied, and understate the costs that an efficient CLEC would incur. Most importantly, BellSouth has grossly underestimated the likely cost of capital to a CLEC seeking to self-deploy local circuit switching. After arguing that a CLEC utilizing UNEs incurs less risk that a CLEC investing in its own network infrastructure and after noting that CLECs who made investments in large, fixed network assets to serve mass market customers in the past are now largely bankrupt, BellSouth assumes that a CLEC that invests in local circuit switching will incur *less* risk and a *lower* cost of capital in the future. By understating the cost of capital, BellSouth understates the discount rate applied in its Net Present Value calculation.

This causes the present value of future revenues to be overstated and results in an artificially positive reported NPV.

With changes to only a few of its unreasonable assumptions, the BACE consistently reports that CLEC deployment of local switching to serve mass market customers is uneconomic.

The FCC made clear that carriers are impaired without access to local circuit switching - the past 8 years have provided no evidence to the contrary. The BellSouth model, by virtue of its basic structure and the inputs that populate it, is an ineffective tool for making any determination about the realities of providing switching to the mass market. Finally, even when modest corrections are made to BellSouth's flawed model it is clear that impairment exists.

AT&T COMMUNICATIONS OF THE SOUTHERN STATES LLC'S
MATRIX SUMMARY OF SURREBUTTAL TESTIMONY
DOCKET NO. P-100, SUB 133q

March 1, 2004

WITNESS	SUBJECT MATTER OF SURREBUTTAL TESTIMONY	TRO DECISIONAL CRITERIA
Jay M. Bradbury	Local Circuit Switching	47 C.F. R. §51.319(d)(2)(iii)(A)
Cheryl Bursh	Hot Cut Processes	47 C.F. R. §51.319(d)(2)(ii)
Steven E. Turner	Economic Barriers to CLEC Entry	47 C.F. R. §51.319(d)(2)(iii)(B)
Mark Van de Water	Hot Cut Processes	47 C.F. R. §51.319(d)(2)(ii)
Don J. Wood	Economic Barriers to CLEC Entry	47 C.F. R. §51.319(d)(2)(iii)(B)

Docket No.: P-100, Sub 133q
Summary of the Surrebuttal Testimony of Jay M. Bradbury

My surrebuttal testimony responds to portions of the rebuttal testimony of BellSouth's witnesses W. Keith Milner, A. Wayne Gray, Gary Tennyson, and Eric Fogle. My responses focus on the operational and economic impairments that arise from various CLP network architecture requirements, the impact of those impairments upon the CLPs, and the role of Electronic Loop Provisioning (ELP) in this docket.

BellSouth's witnesses attempt unsuccessfully to claim that certain portions of my testimony are somehow incorrect or misleading. They make specific claims regarding:

- the requirements for CLEC switch locations
- the necessity for collocations and the equipment within them
- the high price of transferring service from the ILEC to the CLEC
- the validity of comparing the transfer process to UNEP or the long distance PIC process
- the need for DLC equipment and the analysis of its "lumpy" cost requirements
- the impact of IDLC deployment on the transfer of service and the deployment of CLEC DSL services
- the potential negative impact of forced UNEL upon the tandem network
- the potential of ELP, or any other proposal with the potential to eliminate impairment.

I demonstrate in each case that the BellSouth witnesses' claims do not alter the conclusions in either my direct or rebuttal testimony.

The impairment caused by the existing legacy network technology cannot be cured by improvements to the hot cut process, be they "batch", "bulk", or "rolling" processes. AT&T's Electronic Loop Provisioning proposal is capable of curing these deficiencies, but curing the continuing impairment that AT&T believes the Commission will find exists is not an issue in this proceeding. The Commission should open a separate docket to address how to eliminate the impairment it will find in this docket.

AT&T's use of its local switches and network in North Carolina does not meet the requirements of the TRO for AT&T to be identified as a trigger in any BellSouth defined market. AT&T does not provide any mass market residential service. AT&T's universe of business customers served is 85% enterprise. The small number of very small business customers being served is an artifact of a prior failed business plan that will not be revived and that is not being used to provide service to new very small business customers. AT&T is not actively provisioning UNE-L service to very small business customers.

Executive Summary of the Surrebuttal Testimony

Of Cheryl Bursh

My surrebuttal testimony responds to various performance related issues raised in the Rebuttal Testimony filed by BellSouth witness Alphonso J. Varner. My recommendation to the Commission remains the same, that is: An assessment of the anticipated customer experience in an environment that excludes UNE-P is essential for determining whether CLPs will be impaired without its continued availability. Comparisons of the UNE-P versus UNE-L experience provide valuable information for that assessment. Therefore, assessing anticipated performance differences in a new environment, in which UNE-P is absent, is critical.

Executive Summary of
AT+T
Surrebuttal Testimony of Mark Van de Water

My Surrebuttal testimony responds to portions of the rebuttal testimony of BellSouth's witnesses Ken L. Ainsworth, Alfred A. Heartley, Milton McElroy Jr., Ronald M. Pate, John A. Ruscilli, Eric Fogle, and A. Wayne Gray.

Any CLP who wanted to order wholesale switching, should it become available, to use with analog UNE loops (DS0) for mass market customers would encounter the problems described in my direct testimony and the testimony of Mr. Gray. These difficulties are caused solely by BellSouth's claimed policy decision to provide unwanted protection to CLPs. If BellSouth's interest is truly to protect CLPs, as well as itself, it could require that a letter of authorization between the two company entities/CLPs be provided before service is provisioned. BellSouth does this today for DS1 or higher level of service. It simply refused to do so for DS0 service.

Those hurdles are an additional source of impairment to an already impaired UNE-L process. As such, a finding that CLPs are impaired without access to unbundled switching would certainly address the problems of being forced to use such a process.

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BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
Docket No. P-100, Sub 133q

Executive Summary

SURREBUTTAL TESTIMONY OF DON J. WOOD

The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of BellSouth witness Debra Aron.

Dr. Aron argues that her "interpretation" of your testimony is that you are urging the commission to disregard portions of the TRO. To the contrary, I am suggesting a more comprehensive consideration than proposed by Dr. Aron. While she urges the Commission to consider a "potential deployment" analysis in a vacuum, I am recommending that the Commission consider such an analysis as one of an interrelated series of tests. I am urging the Commission – based on its knowledge of North Carolina markets for mass market services and experience with competitive entry into those markets – to consider any "potential entry" claims within the context of that knowledge.

Dr. Aron suggests that whenever a CLP does not use its own local circuit switching equipment to serve mass market customers, it has simply chosen not to do so. Such as statement is not only flawed and unsupported, it is naive. Any meaningful analysis of why CLPs in most instances rely upon ILEC-provided local circuit switching to serve the mass market must consider the following three points:

1. CLPs have a number of incentives to pursue a UNE-L strategy, and these incentives have been present since 1996.

2. In the absence of access to UNE-P, CLPs have not deployed their own local circuit switching equipment to serve mass market customers.

3. CLPs have the necessary expertise to deploy the necessary network facilities.

A review of the factors described by Dr. Aron suggests that CLPs have not made these investments because it is not economically rational for them to do so. Results obtained from BellSouth's BACE model, described in detail later in my testimony, also support such a conclusion.

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